

## Message Text

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ORIGIN L-03

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 EB-08 TRSE-00  
FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05  
CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02  
SIL-01 STR-05 CEA-01 SS-15 NEA-10 OPIC-03 /113 R

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APPROVED BY EB/IFD:JWINDER  
EB/IFD/BP:AADAMS  
EUR/RPE:RGELBARD  
IO/IEP:DCOHN  
TREASURY:MBLAKE

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AMEMBASSY COPENHAGEN  
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AMEMBASSY OSLO  
AMEMBASSY LISBON  
AMEMBASSY MADRID  
AMEMBASSY BERN  
AMEMBASSY STOCKHOLM  
AMEMBASSY LONDON  
AMEMBASSY ANKARA  
USMISSION GENEVA  
INFO USMISSION USUN NEW YORK

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PARIS ALSO PASS USOECD FOR INFO

E.O. 11652: GDS

TAGS: EINV, OECD, UNCTAD

SUBJECT: UNCTAD CODE OF CONDUCT FOR TRANSFER OF TECHNOLOGY,  
GROUP B OECD MEETING OF SEPT. 27-29.

1. SUMMARY: GROUP B COUNTRIES INVOLVED IN NEGOTIATING THE UNCTAD CODE OF CONDUCT FOR TRANSFER OF TECHNOLOGY WILL MEET IN PARIS FROM SEPTEMBER 27-29 UNDER THE AUSPICES ON THE OECD AD HOC POLICY GROUP ON MULTINATIONAL ENTERPRISES. THE PURPOSE OF THE MEETING WILL BE TO PREPARE FOR THE NEXT UNCTAD NEGOTIATING SESSION ON THE CODE, TO BE HELD IN GENEVA OCTOBER 30 - NOVEMBER 11. THE US WISHES TO HAVE ON THE AGENDA OF THIS MEETING THE QUESTION OF WHETHER GROUP B SHOULD ACQUIESCE IN HAVING THE 32ND UNGA (STARTING IN SEPTEMBER) FIX A 1978 DATE FOR A MAJOR UN CONFERENCE TO COMPLETE AND PROMULGATE THE CODE. ADDRESSEE POSTS ARE REQUESTED TO PRESENT THE US POSITION ON THIS QUESTION AND TO REQUEST THAT GOVERNMENTS BE IN A POSITION TO DISCUSS THE ISSUE AT THE SEPTEMBER MEETING. END SUMMARY

2. FOR THE PAST FIVE YEARS, THE G-77 HAVE PRESSED FOR A LEGALLY BINDING CODE OF CONDUCT (I.E., A TREATY) WHICH WOULD REGULATE THE TERMS AND CONDITIONS FOR THE INTERNATIONAL TRANSFER OF TECHNOLOGY. AN UNCTAD GROUP OF EXPERTS HAS HELD SOME EIGHT WEEKS OF MEETINGS OVER THE PAST TWO YEARS IN AN EFFORT TO DRAFT THE PROVISIONS OF THE CODE. TWO MORE SESSIONS OF THIS GROUP ARE SCHEDULED (NOVEMBER 1977 AND FEBRUARY 1978). FOLLOWING THESE MEETINGS, AND PURSUANT TO  
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TO AN UNCTAD IV RESOLUTION, A UN CONFERENCE, TO WHICH ALL UN MEMBERS WILL BE INVITED, IS TO BE HELD UNDER UNCTAD AUSPICES. AT THIS CONFERENCE ALL DECISIONS ON ADOPTION OF THE CODE, INCLUDING ITS LEGAL NATURE, ARE TO BE TAKEN.

3. THE EXACT DATE OF THE UN CONFERENCE WILL BE AN ISSUE AT THE 32ND UNGA. WE ARE REASONABLY CERTAIN THAT THE GROUP OF 77 WILL CALL FOR THE CONFERENCE TO BE HELD AT THE LATEST, IN THE FALL OF 1978. (IT IS NOW SCHEDULED FOR APRIL-MAY 1978). GIVEN THE FACT THAT THE ISSUES WHICH DIVIDE GROUP B AND THE G-77 ARE SIGNIFICANT AND NUMEROUS, WITH ALMOST NO PROSPECT OF RESOLVING THEM BEFORE THE PROPOSED 1978 UN CONFERENCE, A CRUCIAL ISSUE FACING GROUP B IS WHETHER TO ACQUIESCE IN THE CONVENING OF THE CONFERENCE IN MID-1978 OR, RATHER, TO ENDEAVOR TO HAVE THE DECISION ON THE DATE OF THE CONFERENCE PUT OFF UNTIL THE 33RD UNGA (SEPTEMBER 1978), PENDING THE RESULTS OF FURTHER WORK BY THE UNCTAD GROUP OF EXPERTS.

4. ADDRESSEE POSTS SHOULD SEEK APPOINTMENT WITH HIGHEST APPROPRIATE OFFICIAL (U.S. POSITION WAS DETERMINED AT UNDER SECRETARY LEVEL). DRAWING UPON PARAS 1-3 TO PRE-

SENT BACKGROUND, EMB. OFFICER SHOULD MAKE FOLLOWING POINTS.

-- THE POSITION OF THE USG IS THAT THE US WILL DECLINE TO AGREE TO THE CONVENING OF THE UN CONFERENCE ON THE TECHNOLOGY CODE UNTIL SUCH TIME AS THERE IS SUFFICIENT AGREEMENT AT THE UNCTAD WORKING GROUP LEVEL ON THE SUBSTANCE OF THE PROPOSED CODE TO WARRANT SUCH A CONFERENCE. ACCORDINGLY, AT THE 32ND UNGA THE US WILL ENDEAVOR TO HAVE THE MATTER OF SETTING A DATE FOR THE UN CONFERENCE PUT OVER UNTIL THE 33RD UNGA, AT WHICH TIME WE HOPE PROGRESS AT THE WORKING GROUP LEVEL WILL BE SUFFICIENT TO PERMIT THE SETTING OF A DATE FOR THE UN CONFERENCE.

-- THE US TAKES THIS POSITION FOR THE FOLLOWING REASONS:  
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A) IT IS HIGHLY UNLIKELY THAT THE UNCTAD EXPERT GROUP CAN COMPLETE ITS WORK PRIOR TO THE CONFERENCE IN MID-1978. EIGHT WEEKS OF MEETINGS HAVE RESULTED IN HEAVILY BRACKETED TEXTS ON ONLY A SMALL PORTION OF THE CODE; ANOTHER FOUR WEEKS OF MEETINGS WILL NOT BE SUFFICIENT TO COMPLETE WORK ON THE REMAINING 90 OF THE CODE WHICH INCLUDES ALL OF THE TOUGH ISSUES.

B) NO PURPOSE IS SERVED BY CONVENING A FULL UN CONFERENCE ON THE TECHNOLOGY CODE WHEN THERE IS LITTLE OR NO AGREEMENT ON SUBSTANCE. SUCH A CONFERENCE WOULD EITHER FAIL OR RESULT IN A CODE POSING SERIOUS DAMAGE TO THE INTERESTS OF ALL PARTICIPANTS, DEVELOPED AND DEVELOPING BY CREATING A SIGNIFICANT DISINCENTIVE TO THE TRANSFER OF TECHNOLOGY. A SENIOR-LEVEL CONFERENCE OF ALL U.N. MEMBERS WHICH FALLS APART WOULD BE FAR MORE INJURIOUS TO NORTH-SOUTH RELATIONS THAN THE SHORT TERM FRICTION CAUSED BY EXTENDING THE WORKING GROUP FOR A YEAR.

C) THE PROPOSAL TO PUT OVER FOR A YEAR CONSIDERATION OF THE UNGA'S CONVENING OF THE UN CONFERENCE REPRESENTS NEITHER A REFUSAL TO CONVENE THE UN CONFERENCE NOR A WITHDRAWAL OF GROUP B COMMITMENTS TO ELABORATE A CODE. THE U.S. PROPOSAL RATHER SAYS THAT THERE MUST BE A REASONABLY SOUND FOUNDATION UPON WHICH TO CONVENE A FULL UN CONFERENCE AND THAT, AT THIS TIME, SUCH A FOUNDATION DOES NOT EXIST.

D) THE ADDED TIME WILL PERMIT GROUP B TO FURTHER EXPLORE COMPROMISE SOLUTIONS AND, PERHAPS TO DEVELOP A FULLY INTEGRATED POLICY ON THE TRANSFER AND DEVELOPMENT OF TECHNOLOGY.  
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E) SHOULD THE UN CONFERENCE BE SCHEDULED FOR FALL OF 1978, THE REMAINING FOUR WEEKS OF WORKING GROUP MEETINGS WILL BE CONSUMED BY THE MECHANICAL ESTABLISHING OF "COMPOSITE" TEXTS INSTEAD OF NEGOTIATING ON SUBSTANCE.

F) A GROUP B POSITION WHICH POSTPONES THE SCHEDULING OF THE U.N. CONFERENCE UNTIL THERE IS SUBSTANTIAL PROGRESS ON SUBSTANCE MAY SERVE TO ENCOURAGE MEANINGFUL NEGOTIATIONS AND COMPROMISE BY THE G-77, THEREFY FACILITATING THE ACHIEVEMENT OF A MUTUALLY SATISFACTORY CODE OF CONDUCT.

-- (EXCEPT FOR ANKARA) THROUGHOUT THE UNCTAD CODE EXERCISE, ONE OF GROUP B'S MAIN STRENGTHS HAS BEEN THE REMARKABLE UNITY IT HAS MAINTAINED ON BOTH SUBSTANCE AND TACTICS, THIS UNITY BEING A REFLECTION OF THE COMMON INTERESTS WE ALL SHARE IN THE AREA OF TECHNOLOGY TRANSFER. THE USG HOPES THAT YOUR GOVERNMENT CAN SUPPORT THE U.S. POSITION ON THE CONVENING OF THE UN CONFERENCE. WE HOPE THAT YOUR DELEGATION TO THE GROUP B MEETING IN PARIS, SEPTEMBER 27-29, WILL BE IN A POSITION TO FULLY DISCUSS THE ISSUE.

4. FOR US MISSION GENEVA: PLEASE PRESENT THE POINTS IN ABOVE PARAGRAPHS TO APPROPRIATE GROUP B REPRESENTATIVES, STRESSING IMPORTANCE THE USG PLACES ON THE ISSUE AND THE NECESSITY OF ALL DELEGATIONS BEING IN A POSITION TO FULLY DISCUSS THE MATTER AT THE SEPTEMBER GROUP B MEETING IN PARIS.

5. AS GROUP B DELEGATIONS ARE, IN MOST IMSTANCES, HEADED BY PERSONS FROM OTHER THAN FOREIGN MINISTRIES, EMBASSIES SHOULD SEEK TO HAVE APPROPRIATE OFFICIALS PRESENT WHEN U.S. POSITION IS PRESENTED OR TO HAVE CONTENTS OF POSITION TRANSMITTED TO SUCH OFFICIALS ASAP IN VIEW OF SEPTEMBER MEETING DATE. VANCE

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## Message Attributes

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